25X1

Approved For Release 2004/06/29 : CIA-RDP86T00608R000400080040-7

STAFF NOTES:

Soviet Union
Eastern Europe

162

May 9, 1975

25X1

Approved For Release 2004/06/29 : CIA-RDP86T00608R000400080040-7

 25X1

SOVIET UNION - EASTERN EUROPE 25X1

[redacted]

CONTENTS

May 9, 1975

Kim's Trip to
Romania and USSR Put Off. 1

25X1 [redacted]

Kirilenko Presents Moderate
Image in *Kommunist* Article. 5

[redacted] 25X1

Hungarian Trade Gap Widens. 10

[redacted] 25X1

[redacted] 25X1

Approved For Release 2004/06/29 : CIA-RDP86T00608R000400080040-7

Kim's Trip to Romania and USSR Put Off

Last week rumors were circulating that North Korean leader Kim Il-Song was about to go to Romania and, in all probability, to the Soviet Union as well. Behind the rumors was the logical assumption that Kim would want to follow up his visit to Peking with one to Moscow [redacted] 25X1

But now it looks as though the trip, if indeed it was in the making, has at least been deferred. [redacted] Moscow's answer to a Kim trip was "definitely no for now." 25X1 25X1 25X1

It is not hard to see why Moscow would be reluctant to greet Kim at this juncture. The Korean leader would probably want three things from the Soviets, none of them particularly appealing to Moscow. High on his agenda would be Soviet financial help to meet North Korea's serious overseas debt problem. The Soviets are reluctant to dispense such aid unless Kim gives tangible evidence of adopting policies regarding China and South Korea that are more to Moscow's liking. The Korean leader would probably also press Moscow for a statement similar to the one he got in Peking recognizing the North Korean regime as the only legitimate government on the peninsula. But the Soviets, ever mindful of Germany, would just as soon not openly subscribe to the idea that, in effect, divided states should be reunited. They may feel differently when CSCE consecrates the present division of Europe, but that will not happen for several more months. And, finally, Kim

May 9, 1975

25X1

would want the Soviets to call openly for withdrawal of US forces from South Korea. Here too the timing, from the Soviet viewpoint, would be bad. Not only are the Soviets disinclined to complicate their relationship with the US, but they are probably concerned that it will be China, not they, who will make the most gains if the US presence and influence in East Asia declines abruptly.

25X1

May 9, 1975

25X1

Next 1 Page(s) In Document Exempt

Kirilenko Presents Moderate Image in *Kommunist* Article

An article by Politburo member and party secretary Kirilenko appears in *Kommunist* No. 4, March. We have no record of Kirilenko previously authoring an article for *Kommunist*. The journal was signed to press on March 4, while Kirilenko was evidently still substituting for an ailing Brezhnev.

In his piece, "The Economic Policy of the CPSU in Action," Kirilenko mentions Brezhnev seven times, referring to him twice as head of the Politburo. He sticks close to themes associated with Brezhnev, but offers a more interesting and individual product than is often the case with his published speeches.

Kirilenko highlights consumer welfare, stating that the "main task" of the five year plan--improving living standards--"is being implemented systematically." In December, it became obvious that the goal of having sector B (mainly consumer goods) grow faster than sector A (mainly producer goods) was not going to be met in this five year period. Since then, the plan's "main task" has rarely been mentioned. (Another recent reference occurred in *Isvestia's* editorial on last month's Central Committee plenum--"This task is being resolved consistently and successfully"--a reference not included in *Pravda's* editorial.) Citation of the "main task" carries significance for the question of whether the formula and policy will be repeated in the next five year plan.

Kirilenko also cites the contribution economic growth and prosperity can make in advancing the Soviet peace program. He declares that the greater the successes "in the economic and cultural fields and in upgrading the people's prosperity," the more obvious socialism's superiority becomes to the workers in capitalist countries.

May 9, 1975

Kirilenko's responsibility for heavy industry is reflected in his lengthy and detailed treatment of its various sectors. Machine-building is given special attention. Kirilenko says that the output of machinery should grow at an even faster rate than the present 11 percent. The problem, he says, must receive "a great deal of attention" during the next five year plan. On the matter of energy, Kirilenko talks about increasing the share of oil and gas in the fuel balance and, strangely, avoids any reference to the use of coal. He devotes a scant four paragraphs to agriculture.

Accelerating scientific and technical progress is another major theme. Kirilenko's reference to the seldom-cited 1968 decree on the subject suggests that he may have had a large hand in issuing it. He raps the "somewhat rigid structure of scientific organizations," arguing that their work should be influenced less by their organizational structure and more by scientific and economic tasks. He endorses greater use of competitive methods of organizing and implementing scientific research.

Kirilenko projects a mildly progressive image on the question of economic management. He mentions the Institute of National Economic Management, in which he has shown an interest since its founding in early 1971. He endorses modern management techniques and the use of economic levers, and he says that qualitative criteria must assume a "suitable leading position" in planning and evaluating performance.

An early advocate of production associations, Kirilenko takes up this subject also. He calls for accelerating their formation, chastises ministries for dragging their feet in this regard, and urges party organizations to take more responsibility for the matter. In referring to national

May 9, 1975

25X1

and republic associations formed "on the basis of ministry main administrations," however, Kirilenko seems to bow to bureaucratic interests. Other proponents of reorganization have warned that the process must involve more than hanging a new shingle on the door. Kirilenko's remarks here also seem to contradict his call for improved relations between economic sectors. He does not indicate how this improvement is to be achieved, but is forceful in charging that a narrow departmental approach "is frequently manifested" and that carrying out major economic tasks depends largely on eliminating this problem. [redacted]

25X1

May 9, 1975

25X1

Approved For Release 2004/06/29 : CIA-RDP86T00608R000400080040-7

25X1

Next 1 Page(s) In Document Exempt

25X1

Hungarian Trade Gap Widens

Hungary ran a trade deficit with the West in January and February of $180 million. This is well ahead of the pace of last year's record deficit. Despite higher prices, the value of exports to the West declined 14 percent in January-February compared with the same period last year. The Hungarians have blamed the slump in part on the EC ban on meat, but a more important factor has been the drop in sales to recession-hit Western countries. Imports climbed 41 percent with Western raw and semi-finished materials accounting for nearly 90 percent of the increase. Import license controls and tighter credit have kept imports of Western oil and machinery near last year's level. The Hungarians are probably financing the deficit with Eurodollar loans and credits from Western banks.

Budapest also registered a $70 million trade deficit with Communist countries during the first two months of 1975. This was not unexpected--the Hungarians had planned to draw down their accumulated surpluses with CEMA countries by stepping up imports this year, especially of machinery and foodstuffs. The Hungarians also are shifting some purchases of plastics and fertilizers from Western to Communist suppliers in order to ease the hard currency burden.

Hungarian statistics do not yet reflect the expected doubling of Soviet oil prices for 1975. The value of fuel and power products imported from the Communist countries declined 3 percent from a year earlier, while the volume of total crude oil imports dipped by only 12 percent. In Poland, a 15-20 percent growth in the volume of fuel and power imports was accompanied by a 137 percent jump in value. The Soviets may be delivering oil contracted for under the 1974 trade agreement or may have delayed until March or later the price change for Hungary, which has been harder hit than Poland by higher prices for Western oil and raw materials.

25X1

May 9, 1975

25X1

Next 1 Page(s) In Document Exempt

Approved For Release 2004/06/29 : CIA-RDP86T00608R000400080040-7